

# **Exhibit 7**

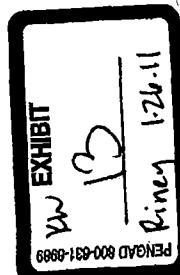
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## F-22 WEAPON SYSTEM AWARD FEE PLAN



1 October 1999

EVALUATION PERIOD 18  
1 October 1999 – 31 March 2000



APPROVED:  
Fee Determining Official: \_\_\_\_\_ Date: \_\_\_\_\_  
CLAUDE M. BOLTON, JR.  
Major General, USAF  
Program Executive Officer for  
Fighter/Bomber Programs

Award Fee Review Board Chairperson: \_\_\_\_\_ Date: \_\_\_\_\_  
MICHAEL C. MUSHALA  
Major General (Sel), USAF  
F-22 System Program Director

PERIOD 18 PERIOD 18 PERIOD 18 PERIOD 18 PERIOD 18 PERIOD 18 PERIOD 18

**F-22 PERIOD 18 AWARD FEE PLAN  
SUMMARY OF CHANGES AS OF 1 October 99**

**MAJOR CHANGES TO AWARD FEE PLAN:**

**ADMINISTRATIVE CHANGES TO AWARD FEE PLAN**

1. Global change – Period changed to PERIOD 18, date of period changed to 1 October 99 – 31 March 00
2. Award Fee Criterion - Revised P1
3. Award Fee Criterion - Deleted C2
4. Award Fee Criterion - Revised S1 CPEs
5. Attachment 1 - Updated new names
6. Attachment 1 - Included Criteria Managers
7. Attachment 4 - Changed contractor dollar amounts
8. Attachment 6 - Section I - Consolidated responsibilities
9. Attachment 6 - Included Criteria Manager Job responsibilities
10. Attachment 6 - Deleted Midterm Briefing Process

## F-22 WEAPON SYSTEM AWARD FEE PLAN

### I. INTRODUCTION

This plan describes the specific criteria and procedures used to monitor and assess contractor performance for award fee PERIOD 18, 1 October 99 – 31 March 00. These specific criteria and procedures are used to recommend award fee payments to the Fee Determining Official (FDO). An award fee is used to motivate excellent contractor performance in executing the F-22 Engineering and Manufacturing Development (EMD) program, as defined by the Integrated Master Plan (IMP). The awarded amount is determined by the government's review of management and performance areas under the control of the contractors. Award fee determinations made by the government are not subject to the "Disputes," "Allowable Cost and Payment," or "Termination" clauses of the contract.

### II. AWARD FEE INTEGRITY

Determination of contractor performance and award fee eligibility is subjective. However, the process is explicit enough to allow the contractors every opportunity to understand how the award amount is based on the criterion established in Section III. Every effort will be made by the government to assure fairness of evaluation as well as prompt and consistent feedback. Contractor performance, as assessed by the F-22 System Program Office (SPO) Integrated Product Teams (IPTs) and functionals, will form the basis for award fee disbursements, with the final determination made by the FDO for the F-22 Weapon System.

### III. WEAPON SYSTEM AWARD FEE AREAS OF EMPHASIS AND CRITERIA FOR PERIOD 18

#### AREA OF EMPHASIS: Overall Program Affordability:

- CRITERION P1: Program Affordability.
  - a) Continue to implement the affordability management process defined during period 17. Expand the definition of the various elements of this top-level process to the next lower level of detail (subprocesses) to clearly describe specific roles and responsibilities of program personnel in the establishment of affordability goals, the generation and implementation of cost reduction initiatives, and a recurring assessment of cost performance through the use of jointly established metrics. The total process must address the affordability of the F-22 weapon system from a LCC/Total Ownership Cost (TOC) perspective, balanced across development, production and sustainment.
  - b) Develop an implementation plan for the management processes and tools that will enable flexibility in the Field Support and Training Contract (FS&T) to achieve maximum operational utility as a function of cost.

#### AREA OF EMPHASIS: Overall Cost Control:

- CRITERION C1: Cost Management. This criterion focuses on the Earned Value Management System (EVMS) and the cost control system which includes cost control at the contractor and suppliers as evidenced by the trend in actual cost variances during the period. This criterion evaluates contractor actual cost performance compared to the established Performance Measurement Baseline as expressed in the EVMS and the effective use of the cost control system in the day-to-day management of the program, including evaluating the causes and impacts of variances and implementing corrective action planning. This criterion evaluates the timely and thorough development of Estimates at Completion (EACs), which serve to communicate anticipated contract funding requirements to the SPO and the Air Force. The assessment includes the quality and timeliness of performance measurement reports. Contractor adherence to their EVMS Description, post-validation management and continued improvement of the cost control system will also be evaluated.
- CRITERION C2: Risk Management. This criterion focuses on the contractor's use of a comprehensive risk management program that provides timely identification of risk and mitigation actions to meet cost and schedule commitments.

**AREA OF EMPHASIS: Overall Progress Towards Integrated Weapon System Development:**

- CRITERION D1: Development of Weapon System: This criterion assesses development of the weapon system, including the performance of delivered products, and identification and successful correction of deficiencies. Additionally, an evaluation will be made to assess the responsiveness of the contractor to incorporate approved changes, coordinate those changes, if appropriate, with the engine contractor, and perform the additional work generated from the Engineering Change Proposal (ECP) process. Innovative management and technical processes, including successful implementation of the Integrity Program, proactive risk management and solutions to achieve weapon system performance, are also evaluated in this criterion.
- CRITERION D2: System Integration and Interface Control. This criterion assesses the integration of the various systems/subsystems into a weapon system which meets its functional requirements. This includes the identification of all interfaces, development of and adherence to all interface control procedures, and identification and integration of any Government Furnished Equipment, as well as other subsystems or resources necessary to achieve the integrated weapon system requirements. It also evaluates the growth in maturity and common use of the System/Software Engineering Environment (S/SEE) for all required life-cycle phases, including software test and integration.
- Criterion D3: Maturity of Design and Manufacturing Processes. This criterion assesses progress towards maturation of F-22 vehicle product definition and factory performance.

**AREA OF EMPHASIS: Overall Schedule Performance:**

- CRITERION S1: Schedule Management. This criterion evaluates contractor performance against planned schedules as evidenced by the trend in actual schedule variances during the period. The assessment will encompass the integration of the Integrated Master Schedule with the EVMS, including an assessment of the validity of the causes for schedule adjustments necessary to meet Integrated Master Plan criteria and the effectiveness of schedule recovery plans. This will include meeting fabrication and assembly schedules as well as on-dock need dates for purchased hardware. The evaluation will also measure contractor ability to identify potential schedule problems early and project the impact of near-term schedule changes on long-term events. The following list of critical program events (CPEs) highlights the key activities associated with PERIOD 18 under the current program master schedule. The team is tasked with conducting the program in the most efficient manner possible consistent with demonstrated performance in the EMD program. Should prudent management action dictate changes to the schedule, the contractor will identify rationale for changes and the impacts/benefits to the program for CPEs not completed during the award fee period. (Note that the assessment of the schedule performance will not be limited to these events):

**Weapon System Products (YFA):**

- A/C 4003 Engine Runs
- Complete Block II SSOR
- Complete Block II SSOR DADT Analysis
- Load A/C 4000 into Full-Scale Fatigue Test Fixture
- Complete Radar Cross-section Full-Scale Pole Model Testing
- Complete Structural Loads Flight Test Conditions in Support of Static Testing
- Complete A/C 4003 First Flight
- Radar Block 3 SW FQT complete
- Complete Closure Plan for Mission Software CDR
- Conduct First FTB flight with Block 2 Software (including EW and CNI)
- Complete Avionics Safety of Flight Testing

- Complete 100% IPR For 4004-34 Avionics Manual
- Complete 100% IPR For 4004-1 Flight Manual
- Conduct Training Devices H/W CDR

**AREA OF EMPHASIS: Other Program Considerations:**

- None

**Attachments:**

1. Award Fee Review Board (ARB) Members, Criteria Managers, and Performance Monitor Focal Points (PMFPs)
2. Adjective Rating Definitions
3. Award Fee Evaluation Periods
4. Available Award Fee Dollar Amounts
5. Weapon System Award Fee Rollover Items

6. Award Fee Administration
7. Monthly Status Report and Briefing Format

## AWARD FEE REVIEW BOARD (ARB) MEMBERS

| ARB POSITION                | SPO POSITION                                       | NAME                                 |
|-----------------------------|--|--------------------------------------|
| Chairperson                 | F-22 System Program Director                       | MGen (Sel) Michael C. Mushala        |
| Alternate Chairperson       | F-22 Deputy Program Director                       | Mr. Gerry Freisthler                 |
| Secretariat                 | Chief, Weapon System Products IPT (YFA)            | Mr. Terry Tucker, Col Mike Miller    |
| Members (Functional Chiefs) | F-22 Technical Director                            | Mr. Chris Blake                      |
|                             | Chief, Contracting Division (YFK)                  | Mr. Frank Iozzi                      |
|                             | Chief, Engine IPT (YFZ)                            | Col Chip Mumford<br>Mr. Dave Edmunds |
|                             | Chief, Financial Management Division (YFP)         | Ms. Julia Leet                       |
|                             | Chief, Test and Evaluation Division (YFT)          | LtCol C. D. Moore                    |
|                             | Chief, Mgmt Operations & Projects Division (YFM)   | LtCol Phil Kellerhals                |
|                             | Chief, Weapon System Planning (YFX)                | Mr. Bob Beck, Mr. Dave Anderson      |
|                             | Chief, Logistics (YFL)                             | LtCol James Barefield                |
|                             | Lockheed-Martin Aeronautical System (LMAS)<br>DCMC | Col Sam Evans                        |

## CRITERIA MANAGERS

| Criterion                            | SPO NAME                          | CONTRACTOR NAME    |
|--------------------------------------|-----------------------------------|--------------------|
| P: Overall Program Affordability     | Mr. Bob Beck                      | Mr. Rich Briggs    |
| C: Overall Program Cost              | Ms. Julia Leet                    | Mr. Chris York     |
| D: Overall Weapon System Development | Col Mike Miller, Mr. Terry Tucker | Mr. John Summerlot |
| S: Overall Schedule Performance      | Col Mike Miller, Mr. Terry Tucker | Mr. John Summerlot |

## PERFORMANCE MONITOR FOCAL POINTS (PMFPS)

| AREA                         | ORGANIZATION                         | FOCAL POINT   |
|------------------------------|--------------------------------------|---|
| IPT PMFP<br>Functional PMFPs | Weapon System Products IPT (YFA)     | Lt Jake Bartolomei  |
|                              | Contracting Division (YFK)           | LtCol Tim Ceteras   |
|                              | Financial Management Division (YFP)  | Ms. Monica Anders (Weapon System)   |
|                              | Test and Evaluation Division (YFT)   | LtCol C. D. Moore   |
|                              | Weapon System Planning (YFX)         | Mr. Bob Beck  |
|                              | Mgmt Operations & Projects Div (YFM) | Mr. Bob McAllister (Safety), Mr. Perry Beaver (Environmental), Ms. Penny Fitch (Security) |
|                              | DCMC LMAS (Marietta)                 | Maj Mark Ashpole  |
|                              | DCMC LMTAS (Ft Worth)                | LtCol Glenn Palmer  |
|                              | DCMC Boeing (Seattle)                | Capt Adam Kalb  |

Atch 1

## ADJECTIVE RATING DEFINITIONS

The Fee Determining Official (FDO) will determine an overall adjective rating of each contractor's performance, which will be related to the percent of award fee paid. The relationship between rating and award payment is shown below:

| <u>Adjective Rating</u> | <u>Percent of Award Fee</u> |
|-------------------------|-----------------------------|
| Excellent               | 94-100%                     |
| Excellent (-)           | 91-93%                      |
| Very Good (+)           | 84-90%                      |
| Very Good               | 76-83%                      |
| Very Good (-)           | 71-75%                      |
| Good (+)                | 64-70%                      |
| Good                    | 58-63%                      |
| Good (-)                | 51-57%                      |
| Satisfactory            | 1-50%                       |
| Unsatisfactory          | 0%                          |

The following definitions describe, in general, the types of performance which will lead to the various adjective ratings assessed by the Integrated Product Teams (IPTs) and recommended by the Award Fee Review Board (ARB) to the FDO. These standard adjective rating definitions will be applied against the areas of evaluation and criteria in order to provide an assessment of each prime contractor's performance and resultant award fee rating for the period 1 October 99 – 31 March 00. The ability to deliver a quality product is defined from a product perspective, while the management and communications areas are defined from the process perspective.

**Excellent:**

A high probability exists that a quality product will be delivered on time and on budget

- Schedule is met as planned (deviations are minor and have no impact on overall program)
- Potential cost problems are aggressively identified and resolved early

Management initiatives are extremely effective

Communications are exceptionally open, timely, and meaningful

**Very Good:**

A moderate to high probability exists that a quality product will be delivered on time and on budget

- Schedule is met as planned, with minor rescheduling required (deviations are minor and have little impact on overall program)
- Potential cost problems are proactively identified and resolved

Management initiatives are highly effective

Communications are consistently open, timely, and meaningful

**Good:**

A moderate probability exists that a quality product will be delivered on time and on budget

- Schedule is usually met as planned, with some rescheduling required
- Contractor demonstrates ability to identify and resolve cost problems

Management initiatives are usually effective

Communications are usually open, timely, and meaningful

**Satisfactory:**

A low to moderate probability exists that a quality product will be delivered on time and on budget

- Schedule deviations require replanning, and program impacts are increasing

Atch 2

- More aggressive actions by the contractor are needed to identify and resolve cost problems
- Management initiatives require strengthening
- Communications are sometimes not open, timely, and meaningful

**Unsatisfactory:**

- No award fee is paid for unsatisfactory performance
- A low probability exists that a quality product will be delivered on time and on budget
  - Schedule control is nonexistent
  - Inability to identify and resolve cost problems requires government intervention
- Management initiatives are ineffective or nonexistent
- Communications are consistently lacking in openness, timeliness, and meaningfulness

Atch 2

### AWARD FEE EVALUATION PERIODS

The award fee period of performance is typically 6 months in duration and aligned with the government's fiscal year.

| <u>PERIOD</u> | <u>START</u>    | <u>MIDTERM</u>   | <u>FINAL</u>     |
|---------------|-----------------|------------------|------------------|
| 1             | Contract Award  | None             | 30 Sep 91        |
| 2             | 1 Oct 91        | 31 Dec 91        | 31 Mar 92        |
| 3             | 1 Apr 92        | 30 Jun 92        | 30 Sep 92        |
| 4             | 1 Oct 92        | 31 Dec 92        | 31 Mar 93        |
| 5             | 1 Apr 93        | 30 Jun 93        | 30 Sep 93        |
| 6             | 1 Oct 93        | 31 Dec 93        | 31 Mar 94        |
| 7             | 1 Apr 94        | 30 Jun 94        | 30 Sep 94        |
| 8             | 1 Oct 94        | 31 Dec 94        | 31 Mar 95        |
| 9             | 1 Apr 95        | 30 Jun 95        | 30 Sep 95        |
| 10            | 1 Oct 95        | 31 Dec 95        | 31 Mar 96        |
| 11            | 1 Apr 96        | 30 Jun 96        | 30 Sep 96        |
| 12            | 1 Oct 96        | 31 Dec 96        | 31 Mar 97        |
| 13            | 1 Apr 97        | 30 Jun 97        | 30 Sep 97        |
| 14            | 1 Oct 97        | 31 Dec 97        | 31 Mar 98        |
| 15            | 1 Apr 98        | 30 Jun 98        | 30 Sep 98        |
| 16            | 1 Oct 98        | 31 Dec 98        | 31 Mar 99        |
| 17            | 1 Apr 99        | 30 Jun 99        | 30 Sep 99        |
| 18            | <b>1 Oct 99</b> | <b>31 Dec 99</b> | <b>31 Mar 00</b> |
| 19            | 1 Apr 00        | 30 Jun 00        | 30 Sep 00        |
| 20            | 1 Oct 00        | 31 Dec 00        | 31 Mar 01        |
| 21            | 1 Apr 01        | 30 Jun 01        | 30 Sep 01        |
| 22            | 1 Oct 01        | 31 Dec 01        | 31 Mar 02        |
| 23            | 1 Apr 02        | 30 Jun 02        | 30 Sep 02        |
| 24            | 1 Oct 02        | 31 Dec 02        | 31 Mar 03        |
| 25            | 1 Apr 03        | 30 Jun 03        | 30 Sep 03        |

**AWARD FEE DOLLAR AMOUNTS**

| <b><u>CONTRACTOR</u></b> | <b><u>DOLLAR AMOUNT AVAILABLE</u></b> |
|--------------------------|---------------------------------------|
|--------------------------|---------------------------------------|

|                  |                 |
|------------------|-----------------|
| <b>PERIOD 18</b> | \$19,980,450.00 |
|------------------|-----------------|

**ROLLOVER ITEM(S) DUE FOR EVALUATION IN PERIOD 18**

| <b><u>ROLLOVER DESCRIPTION</u></b> | <b><u>DOLLAR AMOUNT AVAILABLE</u></b> |
|------------------------------------|---------------------------------------|
|------------------------------------|---------------------------------------|

|      |  |
|------|--|
| None |  |
|------|--|

Atch 4

**WEAPON SYSTEM AWARD FEE ROLLOVER ITEMS**

|                                  |  |  |                  |
|----------------------------------|--|--|------------------|
| <u>Alphanumeric Designation:</u> | L21-1  | <u>Rollover Type:</u>                    | 1                |
| <u>Originating Period:</u>       | 9  | <u>Evaluation Period of Performance:</u> | 21               |
| <u>Description:</u>              | Develop and implement more efficient processes to reduce lead times and cost of producing the F-22 air vehicle.  |  |                  |
| <u>Criteria:</u>                 | (1) Flowdown of initiatives, particularly Mil Spec/Std elimination & Performance Based Acceptance to Suppliers, (2) Reduce PCE target and lead times, and (3) Demonstrate PCE reductions |  |                  |
| <u>Dollar Amount:</u>            | \$1.062834M  |  |                  |
| Originating Period               |  | Rollover Award                           | Cumulative Total |
| 9                                |  | \$1.062834M                              | \$1.062834M      |

|                                  |        |  |                  |
|----------------------------------|--------|--|------------------|
| <u>Alphanumeric Designation:</u> | N/A    | <u>Rollover Type:</u>                    | 2                |
| <u>Originating Period:</u>       | 9      | <u>Evaluation Period of Performance:</u> | 22               |
| <u>Description:</u>              | N/A    |  |                  |
| <u>Criteria:</u>                 | N/A    |  |                  |
| <u>Dollar Amount:</u>            | \$3.3M |  |                  |
| Originating Period               |        | Rollover Award                           | Cumulative Total |
| 9                                |        | \$3.3M                                   | \$3.3M           |

## AWARD FEE ADMINISTRATION

### I. DEFINITION OF TERMS AND RESPONSIBILITIES

- A. The FDO for the F-22 program is the Program Executive Officer for Fighter/Bomber Programs, AFPEO/FB, whose responsibilities are:
  1. To approve the award fee plan and authorize any changes to the plan throughout the life of the contract.
  2. To approve the members of the Award Fee Review Board (ARB) and appoint a chairperson.
  3. To notify the F-22 Weapon System contractor of the adjective rating and the corresponding award fee percentage awarded at the final evaluation of each period including a description of their strengths and improvement items which impacted the award fee decision for that evaluation period.
  4. To select the rollover items for which the contractor will be evaluated.
  5. To notify the contractors of the status of the on-going rollover items and the adjective rating and the corresponding award fee percentage awarded them at the final evaluation of each rollover item including a description of their strengths and improvement items which impacted the award fee decision.
- B. The ARB consists of the Chairperson, the Alternate Chairperson, the Secretariats, and the SPO IPT and Functional Chiefs. The ARB members are listed in Attachment 1. The responsibilities of the ARB are:
  1. To evaluate contractors' performance using the IPTs'/functionals' recommendations and any other pertinent information.
  2. To develop an ARB recommendation consisting of an adjective rating during the midterm evaluation of the period and an adjective rating and corresponding award fee percentage range during the final evaluation of the period for consideration by the FDO.
  3. To recommend changes to the award fee plan.
  4. To independently provide regular performance feedback to their individual contractor counterparts, specifically highlighting strengths and improvement items, per the criteria in the plan, and as identified in the monthly status reports. At the final evaluation, this feedback will occur prior to the IPTs presenting their evaluation briefing to the ARB.
- C. The ARB Chairperson is the F-22 System Program Director (SPD), ASC/YF, whose responsibilities are:
  1. To lead ARB meetings, including reaching a final consensus and discussing special topics. This responsibility may be delegated to another member of the ARB at the discretion of the ARB Chairperson.
  2. To ensure performance feedback is provided in accordance with the areas of emphasis and criteria in the award fee plan to the contractors on a regular basis at every IPT level.
  3. To present the ARB's recommended adjective rating and award fee percentage range to the FDO.

Atch 6

4. To recommend award fee plan changes to the FDO.
5. To appoint an ARB Secretariat.

D. The ARB Secretariat is headed by the Chief, F-22 Weapon System Products (ASC/YFA). The responsibilities of the ARB Secretariat are:

1. To facilitate ARB meetings.
2. To receive and review the criteria managers' monthly assessments and the completed monthly feedback reports
3. To communicate monthly award fee feedback to contractor counterparts.
4. Present their award fee assessment and recommendation to the ARB Chairperson and FDO at the final of each period of performance.
5. Clearly communicate award fee criteria to the contractor prior to the start of each period.

E. The Criteria Managers lead the evaluation of their corresponding criterion. The responsibilities of the Criteria Managers are as follows:

1. To review and coordinate monthly inputs with their contractor counterpart.
2. To present their inputs to ARB Secretariat at the end of each month
3. To present their criterion assessment and recommendation to the ARB Secretariat at the midterm and final of each period of performance.

F. The IPT PMFP [Weapon System Products (YFA)] (See Attachment 1) acts as a facilitator and integrator for the SPO IPTs, functionals, and DCMCs in the award fee area. Their responsibilities are:

1. To continually collect award fee information related to contractor performance from their IPT members, functional members, DCMC members, and other government team members in assigned areas, in accordance with the instructions for IPTs and Functional Offices (Section VI).
2. To prepare monthly status reports for each evaluation period in the format shown in Attachment 7 and submit these reports to the ARB Secretariat no later than eight working days after the end of each month.
3. To prepare final IPT briefing in the format shown in Attachment 7.
4. To train the F-22 team in applicable award fee procedures and processes.
6. To maintain the award fee plan.
7. To maintain the award fee files, including current copies of the award fee plan, any internal procedures, the PMFPs' monthly reports, and any other documentation having a bearing on the ARB's recommendation and the FDO's decision.
8. To recommend changes to the award fee plan through the ARB.

G. The Functional PMFPs [YFK, YFP, YFT, YFX, YFM, and DCMCs] (See Attachment 1) responsibilities are:

Atch 6

1. To collect award fee information related to contractor performance from their IPT members in accordance with the instructions for IPTs and Functional Offices (Section VI).
2. To prepare monthly status reports in the format shown in Attachment 7 and submit these reports per the IPT PMFP's schedule. All award fee inputs will be coordinated with the appropriate contractor counterparts before submittal to provide clear and accurate feedback on top issue items and to ensure there are "no surprises."
3. To recommend changes to the award fee plan.
4. The DCMC's should communicate to the IPT leads or SPO IPT PMFP the DCMC adjective ratings for each criteria area during the mid-term and final evaluations. In the period final evaluation, communicate the DCMC final recommended adjective rating and percentage grade range to the ARB.

## II. AWARD FEE EVALUATION REQUIREMENTS

A. The standard award fee period of performance is 6 months in duration and is aligned with the start and midpoints of the government's fiscal year. The evaluation periods over the life of the EMD program are shown in Attachment 3.

B. The award fee weapon system evaluation will cover five areas of emphasis which reflect the balanced approach desired in order to deliver the final EMD product within specification, on cost, and on schedule as well as develop viable cost estimates for the production program (criteria will be chosen each period as necessary). The Overall Program Affordability and Overall Cost Control areas of emphasis involve the future and past aspects of cost performance, respectively. The Other Program Considerations area emphasizes other items of concern to the SPO for a specific period. All areas are integrally related--a strength or area of improvement in one area will potentially impact the others. The areas of emphasis are:

1. Overall Program Affordability
2. Overall Cost Control
3. Overall Progress Toward Integrated Weapon System Development
4. Overall Schedule Performance (includes a listing of selected critical program events)\*
5. Other Program Considerations

\*Critical program events are a limited number of programmatic milestones occurring within this award fee period unless otherwise specified.

C. At the final evaluation, the secretariat will develop and present an overall adjective rating based on his assessment of contractor performance throughout the period, in accordance with the definition of the adjective ratings described in Attachment 2.

D. The ARB reviews this ratings for the F-22 Weapon System. This adjective rating will be used as a recommendation to the FDO to assist in the determination of the percentage of fee the contractor may earn at the end of the period.

E. The total available award fee was calculated at 9 percent of the total estimated cost at contract award. The government reserves the right to change available award fee prior to the beginning of any particular period.

Atch 6

### **III. AWARD FEE ROLLOVER**

1. The contractor will be given interim feedback on all on-going rollover items at the end of each award fee period. Attachment 5 documents and tracks all current unevaluated Type 1 and Type 2 item descriptions, evaluation criteria, dollar amount, and evaluation periods. During the final evaluation rollover period, the FDO will provide the contractor an award decision at the end of the evaluation period. As in the normal award fee process, the contractors will have the option of presenting a rollover self-assessment briefing to the ARB at the end of each evaluation period. It may be included as part of the normal award fee self-assessment briefing at the discretion of the contractor.

### **IV. AWARD FEE ADMINISTRATIVE PROCEDURES**

#### **A. Contractor Self Assessment Procedures:**

1. The contractor has the option of submitting a final self-assessment paper or presenting a joint final self-assessment briefing to the FDO. If the contractor submits a paper, it must not exceed 10 pages in length and be submitted to the ARB Secretariat not later than 5 working days after the final end-of-month date. If the contractor presents a joint briefing, it must be prepared and presented to the FDO in accordance with joint briefing procedures to be established between the government and contractor during this period.
2. The self-assessment paper will be submitted to the FDO in unedited form by the ARB, along with the ARB's government-based assessments and recommendations.
3. The FDO will be present for the joint, final assessment briefing and will be provided a copy of the briefing and smart notes in unedited form. The joint assessment will be presented to the FDO as detailed in Section IV.B. The FDO need not be present for the midterm evaluation. The contractor need not present at the final self-assessment paper or joint presentation.
4. The contractor will submit proposed criteria, within each area of emphasis, as well as other plan changes, for the next period of performance, as requested by the ARB Secretariat to support scheduled ARB meetings. The contractor shall inform his appropriate DCMC/SPO counterparts of any proposed changes to the award fee plan.

#### **B. Government Assessment Procedures:**

1. The IPT PMFP, with the chief's approval, will consolidate the IPTs' final briefing, using information as documented in the monthly reports, for presentation to the ARB.
  - a. The purpose of the midterm evaluation is to advise the contractor of strengths in contractual performance which should be continued, as well as improvement items which could result in a lower rating if not improved by the end of the evaluation period. The secretariat has the option to present adjective ratings for each criteria at this time to reflect the government's position, but no fee will be awarded.
  - b. The purpose of the final evaluation is to identify strengths and improvement items that occurred during the period. The FDO determines an adjective rating and an award fee percentage. A contractual modification is accomplished awarding the fee.
2. The ARB will evaluate the IPT briefings and determine an overall adjective rating recommendation and recommended grade to present to the FDO.

Atch 6

3. The ARB Secretariat will consolidate the ARB's assessment and recommendation for the ARB Chairperson and the contractor Vice President, F-22 Program to present to the FDO in a joint government and contractor briefing.
4. The midterm actions will conclude with an evaluation debrief and adjective rating from the ARB Secretariat to the Vice President, F-22 Program.
5. At the end of the evaluation period, the ARB Chairperson and the contractor Vice President, F-22 Program will present a joint assessment of the contractor's strengths and improvement items to the FDO. The FDO will then determine the amount of award fee to be paid to the F-22 Weapon System.
6. Rollover items will be assessed separately at the end of each award fee period and the midterm and final of the evaluation period of performance. Rollover assessments may be combined with the normal award fee assessment by mutual agreement of the contractor and the SPO.
7. A contract modification will be issued to implement the FDO determination at the end of each award fee period for each contractor not more than 5 working days after the FDO decision. The contract modification will be computed based on the amount identified in Attachment 4 (Available Award Fee Dollar Amounts), using the percentage rating awarded by the FDO. Changes to the award fee dollars available during the award fee period will be consolidated into the next award fee period dollars available pool. Award fee dollars available will not be changed during the period unless by bilateral agreement (see Section V.A). Rollover determinations will be included in a contract modification at the evaluation period of performance and will be computed using a percentage rating awarded by the FDO. Attachment 4 will be updated prior to the beginning of each award fee period when the plan is modified.

## V. MODIFICATION OF THE AWARD FEE PLAN

- A. Changes to the Plan: Prior to the beginning of any evaluation period, the government reserves the right to change the award fee evaluation criteria, period duration, distribution of remaining award fee dollars, and other matters covered in this plan by written notice from the Procuring Contracting Officer (PCO) to the contractor. Every reasonable attempt will be made to coordinate changes to future periods with the contractor prior to the changes taking place. Changes to the plan during a current period will be agreed upon mutually by the government and the contractor. If changes in the current period evaluation criteria are agreed to, the contractors will be formally notified by the PCO not later than 1 working day before the date they take effect.
- B. Method for Making Changes: Any member of the ARB may propose a change to the plan. Changes may also be proposed via the ARB process, by performance monitors, DCMC members, the PMFP, and the contractor. Proposed changes will be evaluated by the ARB after the midterm point, but sufficiently before the final point to allow coordination with the contractor. The coordinated plan will then be submitted to the FDO for approval.

## VI . MONITORING AND ASSESSING PERFORMANCE BY INTEGRATED PRODUCT TEAMS (IPTs) AND FUNCTIONAL OFFICES

- A. IPTs/functions will maintain a continuous written record of the contractors' performance, including inputs from other government personnel in their evaluation area(s) of responsibility. The contractors' performance will be assessed based on correspondence, reports, data items, meetings, and conversations, which demonstrate the contractors' day-to-day performance.

Atch 6

- B. Informal records not maintained in the official award fee files, but used in preparing the evaluation report, are to be retained by the Functional Performance Monitor Focal Point (PMFP) for 6 months after the period is completed in order to support any inquiries made by the FDO.
- C. IPTs/functionals will conduct all assessments in an open, objective, and cooperative spirit so that a fair and accurate evaluation is obtained. The IPTs/functionals will provide their counterparts feedback on the top program issues as a part of the day-to-day management of the program. The IPTs/functionals will make every effort to be consistent from period to period in their approach to determining their recommended adjective ratings. This will enhance contractor receipt of information from which to plan improvements in performance. Strengths should be emphasized as well as areas of improvement.

Atch 6

## VII . PERFORMANCE REPORT

- A. Monthly status reports (shown in Atch 7) will be submitted through the ARB Secretariat on the 8<sup>th</sup> working day of the month and will form the basis of the final IPT briefing to the ARB. The midterm evaluation (3<sup>rd</sup> month) and final evaluation (6<sup>th</sup> month) will take the place of the monthly status reports for the referenced months.
- B. The monthly status report will be in a short, concise bullet format and will be updated describing the cumulative content from the beginning of the period. Trend information should be included as a sub-bullet. When applicable, a closure milestone should be included for areas of improvement. When an improvement item is resolved, the monthly status report will reflect the closed action and state "Closed." Closed items will be retained in the monthly status reports until the next period. Strengths which are derived from notable performance in resolving an area of improvement will reference the area of improvement in the write-up and remain as an area of improvement until it is closed

## VIII . BRIEFINGS

- A. The final evaluation briefing will be presented to the ARB in accordance with the most current award fee schedule, and will be a continuation of the information in the current period's monthly status reports. The Weapon System Products IPT (YFA) will prepare and present evaluation briefing.
  - 1. The specific strengths and areas of improvement to be briefed to the FDO will be prioritized (most important listed first) and should include appropriate examples. Since every criteria may not be assessed by each IPT, it is not necessary to include a briefing chart for each criterion.
  - 2. Any strength or area of improvement ongoing or resolved, which was annotated in the monthly status report for the months preceding the final evaluation briefing and significantly impacting the overall criteria, will be contained in the final briefing.
  - 3. An assessment of progress on Type 1 rollover items will be presented by the appropriate IPT as a separate topic apart from with their normal final award fee briefing. The assessment will include strengths and areas of improvement and will be briefed separately after the normal award fee briefing unless otherwise decided. Feedback on rollover items will also be accomplished at the midterm of the evaluation period of performance. Rollover assessments should be brief, nominally one page in length, but may be longer if required.
- B. The briefing sequence below will be used for final reviews, as necessary, for the weapon system evaluation. Session 3 will occur during the midterm of an award fee period only if a rollover item is scheduled for final evaluation at the end of the given period.
  - 1. Session 1: The ARB will review the consolidated briefing prepared by the Secretariat.
  - 2. Session 2a: Award Fee Determination: The government and contractor will present a joint briefing to the FDO. This joint briefing should be no longer than one hour in length. This will be immediately followed by the FDO award fee assessment.
  - 3. Session 2b: Rollover Status and/or Determination (follows session 2a if necessary): The ARB Chairperson and the contractor Vice President, F-22 Program will brief the FDO on the status of on-going rollover items and/or present the joint government and contractor assessment of a rollover item. For assessments, the FDO will present to the contractor the award fee determination following the ARB assessment presentation of the rollover item.

Atch 6

## MONTHLY REPORT FORMATS

HEADER: AWARD FEE SENSITIVE

### AWARD FEE MONTHLY FEEDBACK

**Contractor Report Month:**

**Award Fee Period:**

**Date Submitted:**

**Administrative Note:** The award fee monthly feedback reports are a work in progress leading up to the midterm and final briefing. Any and all of the below inputs are considered preliminary and open for contractor review and comment until the midterm and final briefing occur.

**CRITERION (INCLUDING NUMBER) (Must be listed in the main text Sections III and IV )**

**STRENGTHS:**

SHORT TITLE. In bullet form, describe the strength for the criterion.

**AREAS OF IMPROVEMENT:**

SHORT TITLE. In bullet form, describe the problems in the contractor's performance for the criterion. Identify any trend information as a sub-bullet if applicable.

FOOTER: AWARD FEE SENSITIVE

## BRIEFING FORMATS

|  |                  |  |
|--|------------------|--|
| F-22 AWARD FEE SENSITIVE   |                  |  |
| <input type="checkbox"/> XXX<br>Contractor   | <b>Criterion</b> | <input type="checkbox"/> (EX) EX<br>(P14FNL)(P15MID) |
| S Strength #1<br>S Strength #2<br>S Strength #3<br>S .....   |                  |  |
| I Improvement Item #1<br>I Improvement Item #2<br>I Improvement Item #3<br>I .....   |                  |  |
| <b>Emphasis Box: Used to stress certain areas or to summarize</b>  |                  |  |
| F-22 AWARD FEE SENSITIVE<br>Information in this page has prepared to support an oral presentation<br>and cannot be considered complete without oral discussion |                  |  |

|  |   |                   |
|--|---|-------------------|
| F-22 AWARD FEE SENSITIVE   |   |                   |
| <input type="checkbox"/> XXX<br>Contractor   | <b>Area of Emphasis Summary</b> XYZ IPT |                   |
| <b>CRITERION</b>   | <u>PRD 14 FNL</u>                       | <u>PRD 15 MID</u> |
| D1: Development of Weapon System   | (ADJ RAT)                               | ADJ RAT           |
| D2: System Integration and Interface Control   | (ADJ RAT)                               | ADJ RAT           |
| D OVERALL  | (ADJ RAT)                               | ADJ RAT           |
| F-22 AWARD FEE SENSITIVE<br>Information in this page has prepared to support an oral presentation<br>and cannot be considered complete without oral discussion |   |                   |